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MortgageFocus Update

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Dear Andrea,

Welcome to the first days of really cold weather for the season. I have found that a pair of longjohns and a good hat make a huge difference. We did manage to get a few small snowmen built before the bitter cold set in though so we have some lawn sculpture to break up the mound of shoveled snow.

Financially the year is still too early to call. If you check out the 60 Minutes' piece (link on my news page) you will see that the US is up for some more credit woes that will have an effect on the financial markets, what it will mean for our general economy I have yet to hear and I am not keen to venture too strong an opinion on the Canadian fallout. What I am glad that we are getting more of in the news is some recognition that the Canadian economy is not as badly off. Yes, cars, and oil and of late some industries in Saskatchewan have taken some hits, but the "Great Depression" this is not. Will it go that way? I like to think it won't and I am still betting that the downturn won't hurt the overall economy the same way they saw it in the 1930s. One good indicator is that a shrewd investor of my acquaintance seems to be dipping her portfolio back from cash and into some stocks, all strong companies that have been hit, but show no fundamental reason to be so rudely sold in the bad market days.

Housing has slowed and the stats are out there, but nationally it seems to be significantly different by area. Ontario has had slow downs and price drops, but the starter home range is not really going down and condos are still going up and there are housing start numbers that could make one quite optimistic. It is not great if you had delusions that your \$1 million home was still worth that and you planned to retire next week, as those homes have come down, a bit, but there is still movement and one realtor I spoke with says she has a number of first time buyers who are taking their time and taking advantage of the historically low interest rates.

In tough times though we have to watch what we spend and be careful with our credit ratings. In the next section I am going to talk about credit scores and remind you that your future could depend and sound credit management.

On the up side if you ever planned to buy property in the US, Florida in particular, this may be the year, but choose wisely. Prices there are dropping like a stone.

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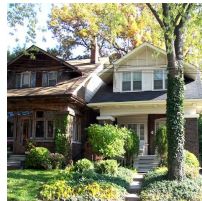
All the best in 2009.

Credit: It is cheap now, but how to make it cheaper still and keep you in the swim?

Comments and tips on credit scores

Starting with the GOOD News this time

Everyone wants a deal and borrowing as cheaply as possible is like getting a shirt at 75% off, who is not going to try for it so how do you get this great savings?



One example a lender gave me recently was if you can boost your score from a OK score of 650 to a 770 then one might save \$3,100 a year on a \$300,000 mortgage set to amortize over 30 years. How is that for a deal? And all from just paying attention to your bills.

When it comes to mortgages I can toot my own horn on this one, my job is to shop around and get you that deal, but borrowing comes in other forms as well: credit cards, unsecured lines of credit, car loans, business loans, store cards, even Bell and Rogers report on a bureau and others. I know some utilities also have deposits for first timers unless they have a good credit history. All these have one thing in common, they look at your credit score to decide 1) whether should you get the loan and 2) what kind of interest rate are you going to get. Now I cannot help directly with this last list so you have to get out there and shop, negotiate and fight. In the case of credit cards sometimes it is just a matter of asking to get a lower rate, so do not forget to try, but even that hinges on your payment history, if not with them, if you are new, then with other creditors, and that shows on the credit bureau.

The deals are there, but sometimes they will make you work for it.

The Whys and Wherefores

Most lenders are registered with one or more of the credit agencies. Equifax and Trans Union are the two main ones in Canada. They list your credit type (e.g. Mastercard), limit, balance, payment, when you got it, when they last reported to the bureau, and a history of late payments, whether it was closed by you or them, or if it has gone to a collection agency. The history of late payments is the tricky part it can go back a long way and if someone is looking for a reason to boost your rate this is one of the key things they look at. Late payment means two things, higher risk, and (for the the sharks out there) a chance to charge more and make more.

Your credit score is a number that ties all the information together to give a risk rating. Yes it is like a grade at school, but the numbers are different but it does put you in an AAA, AA, A, B, C, or R category as far as lenders are concerned.

So how do you boost your score and get the best rates and easy conversations at the bank for the unsecured line of credit?

The bigger the numbers the more they will impact your score. So one store card at \$500 is fine, but you are not going to get a great score with that, plus it is not a lot for the lenders to go on to decide how to treat you.

(Unless you have \$500,000 in the bank too.)

Breakdown

35% of your score is based on your payment history, so paying your bills on time is essential to maintaining a good score. Remember this does not necessarily mean you have to pay the card off at the end of every month, just that you make at least the minimum payment on time or early. One pay to help with this is to set up an automatic payment system, or set reminders in your calendar.

30% of your score is based on what you owe. This is where the above advice on minimum payments may be in part offset. If you owe more than 50% of your limit then make payments large enough to bring the amount owing to below 50% of your balances, either that or request an increase, but if you are having money management issues that is a road to disaster, so find a way to pay them down. In this world the lower the better. So if you are one of the people who pays things off every month you are getting top marks here.

15% of the score is based on how long you have had a credit history. If you are young then there is not much you can do here except get started and be responsible. If you have let cards go dormant, give them a little run. Go to the store and buy something using the card and pay it off at the end of the month. No activity also lowers your score. If you are a purist and do not believe in credit and are keen on debit cards or straight cash then here is hoping you never need to borrow from an institution, because to start you may need a prepaid card and work your way up.

10% is based on New Credit. The advice here is do not open unnecessary new accounts/cards, and if you are rate shopping for a car loan or mortgage (and not using me) do it within two weeks, if you spread it out the multiple requests could seriously ding your score. I say if you do not use me, because using a broker means one bureau request to shop many lenders and when I pull a bureau it is usually good for a couple of months at least.

10% is based on your loan mix. This means types of credit, e.g. credit cards, lines of credit, car loans and that sort of thing. I am not advocating a mass of debt capacity in everyone's life, in fact one of the best score I have run across was for an older lady (credit history was long) with a single credit card that was paid off every month.

The trick is just to have something and not to max it out all the time and keep it paid off or down below 50% of your available credit.

Another IMPORTANT tip make sure you request a bureau on yourself at least once a year to make sure that there are 1)no errors, 2) any disputes you may have had a resolved, and 3) that there is no FRAUD on your account. You can do this either pay online at the company websites (links below) or send in a paper based application request and get something back and this is free. Either way, requesting your own information has no effect on your score. In the end the responsibility for your score rests with you, so diligence and in the case of disputes, perseverance is sometimes in order.

http://www.equifax.com/home/en_ca

http://www.transunion.ca/ca/personal/personal_en.page

When it comes to credit Keeping score matters.

If you want to find out more about credit and mortgages or learn more about getting ready to buy then contact me or go to www.great-mortgage-rates.ca

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Rates and Products

Deals offered daily

Rumours and guesses abound so let me stick to what I know. Economists are saying the Bank of Canada rate will drop some more. This does not necessarily mean mortgage rates will drop because it depends on what the markets are like for the lenders. They get money in the international market place and that still has its problems, so the banks say that rates will not drop to the same extent if at all.

What I have noticed is the small changes, a lender here and another there are changing the 4 and 5 year rate or the 1 and 3 year rate, not all the rates at the same time nor are they changing by the same percentage. The changes are also not across all lenders, one week I get some thing from 2 or 3 lenders and nothing from anyone else. So when I say things are daily I really mean it.

I am noticing though that various lenders are picking a market and like 5 year mortgages and really go after that one and not worry about the other rates. So there is some competition. I also notice that one lender has decided to push out some of the problems they were having back out on the brokers and clients. they were having trouble tracking all the documents as they trickled in over a month or so, so they have said if the broker and the client can get everything together in very quickly, complete the file and meet all the conditions super fast (not unreasonably) then the client gets an extra 5bps off their mortgage. A nice twist and not a bad deal all around. I think it was a win-win solution to a broader problem.

Now for the
BIG DEALS.

The deals that are happening are in the shorter term products, the traditional 5 year is coming down, but the 1 year at 4.00% or a 4 year at 4.69%, are looking very enticing to most of my clients.

The go long or short debate remains very real, but based on what I have read I would tend to encourage the 1 year and see what that brings, but your tea leaves are the final arbiter of what you are comfortable with after all, historically speaking we are at very low rates so one really cannot go too wrong with any decision.

Posted 5 year rates are still around 5.59% for some lenders or 4.99%. This is very high relative to the bank rate, but it is also no indicator of what you can get. Rates seem to vary between 4.89% and 4.74%.

Comments on Credit market

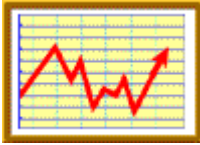
Is credit tightening up? Yes, but I would add the caveat that it is for some. Lenders are getting choosier, but they are aggressively lending still in the consumer market. Some deals may still be hard to get. When you deal

with a bank you are often dealing with the order taker. the final arbiter is the underwriter so be careful if the person you are talking to promises you anything without checking first. Generally I hesitate to over promise before I have the full story from my client and I have spoken to the underwriter, but then I got a deal done for a client where the other person she was dealing with promised her something and then the deal fell through. Caveat Emptor.

I will work hard for my clients so if one deal falls through I will chase the next one to make sure they get the best deal possible.

Other things remain the same

If you have good credit and a good income and the bank starts with the posted rate, then *walk away*, they are *not* serious about your business. Why deal with someone who is going to make you work for it?



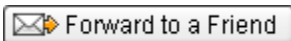
Remember there is a lot to consider when you are getting a mortgage and rate is only part of it. Make sure you are comparing apples to apples, and if you have not been happy with the cost and options of your last mortgage and it is coming up for renewal then now is the time to get the mortgage that lets you manage *your money* the way *you want*. Whether that means having the option to pay it down incredibly fast, or pay interest only while you get a new business started. There is choice out there.

Want someone to do all the work for you and just have to make a choice between a couple of excellent alternatives, at *NO CHARGE* when you qualify for regular mortgage financing?

Working with someone that wants to get you the best deal, one that is tailored to your financial and lifestyle needs and is going to make you comfortable with that your choices are what the best have to offer and that you are getting a good deal. I handle your file personally and I am not tied to bank hours. I know that 9 times out of 10 I can offer a better alternative. Sound appealing? *Call to learn more.*

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**The fact is, that to do anything in the world
worth doing, we must not stand back
shivering and thinking of the cold and
danger, but jump in and scramble through
as well as we can.**

Robert Cushing

My goal is to help people find the right mortgage and the best rate and remove perceived obstacles to getting them the loan they need or want.

I am honest and will take the time to educate my clients about the market, the process and their choices.

You give me the greatest compliment when you send those you care about to me for their Mortgage needs. I am 100% committed to providing you and those you send to me the highest quality of service and dedication to their needs.

Sincerely,

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